

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2015

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MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Toby Gordon	Board President	2015
Brad Coates	Board Vice President	2015
Steve Nelson	Board Member	2015
Toni Coates	Board Member	2015
Carrie Lippert	Board Member	2017
John Witte	Board Member	2017
Richard Whitaker	Board Member	2017

School Officials

Greg Ray	Superintendent	2017
Dawn Kelly	District Secretary/Treasurer	Indefinite
Lynch Dallas,P.C.	Attorney	Indefinite

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Independent Auditor's Report

To the Board of Education of
Mediapolis Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mediapolis Community School District, Mediapolis, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mediapolis Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Mediapolis Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No.27. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 46 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mediapolis Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 16, 2016 on my consideration of Mediapolis Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mediapolis Community School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 16, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mediapolis Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$8,489,715 in fiscal 2014 to \$7,966,371 in fiscal 2015. The District's General Fund balance decreased from \$2,229,002 in fiscal 2014 to \$1,594,491 in fiscal 2015, a 29% decrease.
- Student enrollment was up October 2014 to 756.4 resident students from 737 resident students the previous year.
- The District purchased two 2015 C2 65-passenger Thomas school busses in July 2014 at a cost of \$74,627, paid for out of the PPEL Fund.
- The Exterior Wall Project that was begun in FY2013 (and was Construction in Progress at 6/30/2014) was finally completed in August 2014 at a total cost of \$165,150, paid for out of the Capital Projects Fund. It is therefore no longer CIP for this at 6/30/2015.
- A new district-wide phone/paging system was installed, upgrading the old system, at a total cost of \$61,751, paid for with a combination of PPEL and Capital Projects dollars.
- The High School Concession was remodeled in 2014-15, in part for sanitary reasons. The cost of the remodel, paid for with Capital Projects dollars, was \$91,128. Capital Projects monies were also used to purchase a new refrigerator, freezer, ice cream machine and various other pieces of equipment for the newly remodeled Concession.
- Work on the Athletic Facilities Improvements Project continued. This is a multi-year project involving relocation of the baseball field to the northwest of the school, relocation of the football field to the center of the track, turfing of the football field, football field lighting, parking lot, road work and field dirt work in Phase I, as well as later phases, which include bleachers, a new press box, baseball field lighting and concessions/restrooms. The District bonded against its sales tax revenue to finance Phase I (5 year direct placement \$3,040,000 bond). Phase I was almost, but not totally, complete at 6/30/2015, resulting in \$3,051,308 in Construction in Progress (this amount includes architect fees which were not bonded for). Bleacher/press box work, included in Phase II and to be paid as we go from the existing sales tax revenue balance, was begun in late spring 2015, at a cost for work completed (but not yet finished) of \$6,100. \$3,057,408 (the total of \$3,051,308 and \$6,100) represent Construction in Progress at 6/30/2015.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Mediapolis Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Mediapolis Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and enterprise funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Mediapolis Community School District Annual Financial Report

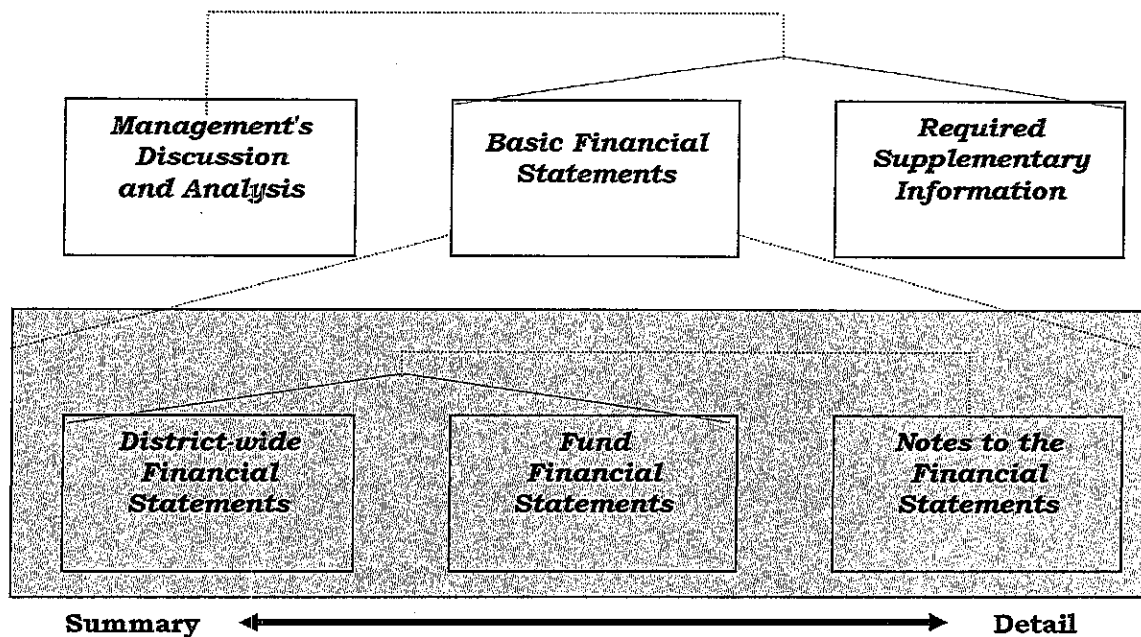


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, preschool program and student farm
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, preschool program and student farm are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has three enterprise funds, the School Nutrition Fund, the Preschool Fund and the Student Farm Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3

Condensed Statement of Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014- 2015
Current and other assets	\$ 9,347,932	\$ 9,860,936	\$ 105,833	\$ 106,879	\$ 9,453,765	\$ 9,967,815	-5.16%
Capital assets	<u>13,636,597</u>	<u>11,618,160</u>	<u>29,318</u>	<u>15,529</u>	<u>13,665,915</u>	<u>11,633,689</u>	17.47%
Total assets	<u>22,984,529</u>	<u>21,479,096</u>	<u>135,151</u>	<u>122,408</u>	<u>23,119,680</u>	<u>21,601,504</u>	7.03%
Deferred outflows of resources	<u>640,026</u>	<u>-</u>	<u>13,205</u>	<u>-</u>	<u>653,231</u>	<u>-</u>	100.00%
Long-term liabilities	5,732,784	306,944	48,652	-	5,781,436	306,944	1783.55%
Other liabilities	<u>971,850</u>	<u>1,477,362</u>	<u>23,237</u>	<u>25,589</u>	<u>995,087</u>	<u>1,502,951</u>	-33.79%
Total liabilities	<u>6,704,634</u>	<u>1,784,306</u>	<u>71,889</u>	<u>25,589</u>	<u>6,776,523</u>	<u>1,809,895</u>	274.42%
Deferred inflows of resources	<u>4,294,438</u>	<u>2,932,577</u>	<u>19,219</u>	<u>-</u>	<u>4,313,657</u>	<u>2,932,577</u>	47.09%
Net Position							
Net investment in							
capital assets	11,191,597	11,376,058	29,318	15,529	11,220,915	11,391,587	-1.50%
Restricted	3,793,991	3,315,180	-	-	3,793,991	3,315,180	14.44%
Unrestricted	<u>(2,360,105)</u>	<u>2,070,975</u>	<u>27,930</u>	<u>81,290</u>	<u>(2,332,175)</u>	<u>2,152,265</u>	-208.36%
Total net position	<u>\$ 12,625,483</u>	<u>\$ 16,762,213</u>	<u>\$ 57,248</u>	<u>\$ 96,819</u>	<u>\$ 12,682,731</u>	<u>\$ 16,859,032</u>	-24.77%

The District's total net position decreased by approximately 25%, or \$4,176,301, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by \$478,811, or approximately 14% over the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased by \$4,484,440 or approximately 208%.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$4,052,368 and \$61,710, respectively, to retroactively, report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts

for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4
Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Revenues							
Program revenues							
Charges for service and sales	\$ 1,430,681	\$ 1,141,098	\$ 208,904	\$ 208,044	\$ 1,639,585	\$ 1,349,142	21.53%
Operating grants	984,755	1,023,376	152,407	141,349	1,137,162	1,164,725	-2.37%
General revenues							
Property tax	3,398,647	3,958,966	-	-	3,398,647	3,958,966	-14.15%
Statewide sales, services and use tax	701,073	659,160	-	-	701,073	659,160	6.36%
Unrestricted state grants	3,087,850	3,131,662	-	-	3,087,850	3,131,662	-1.40%
Contributions and donations	49,512	16,924	-	-	49,512	16,924	192.55%
Unrestricted investment earnings	25,721	21,035	41	48	25,762	21,083	22.19%
Other	1,121	21,666	-	-	1,121	21,666	-94.83%
Special item - capital contribution	-	-	18,682	-	18,682	-	100.00%
Special item - gain on sale of assets	-	16,177	-	-	-	16,177	-100.00%
Total revenues and special item	<u>9,679,360</u>	<u>9,990,064</u>	<u>380,034</u>	<u>349,441</u>	<u>10,059,394</u>	<u>10,339,505</u>	-2.71%
Program expenses							
Governmental activities							
Instruction	6,206,755	5,735,835	-	-	6,206,755	5,735,835	8.21%
Support services	2,706,532	2,696,640	-	-	2,706,532	2,696,640	0.37%
Non-instructional programs	11,426	10,757	357,895	353,041	369,321	363,798	1.52%
Other expenses	<u>839,009</u>	<u>752,457</u>	<u>-</u>	<u>-</u>	<u>839,009</u>	<u>752,457</u>	11.50%
Total expenses	<u>9,763,722</u>	<u>9,195,689</u>	<u>357,895</u>	<u>353,041</u>	<u>10,121,617</u>	<u>9,548,730</u>	6.00%
Change in net position	(84,362)	794,375	22,139	(3,600)	(62,223)	790,775	-107.87%
Net position, beginning of year, as restated	<u>12,709,845</u>	<u>15,967,838</u>	<u>35,109</u>	<u>100,419</u>	<u>12,744,954</u>	<u>16,068,257</u>	-20.68%
Net position, end of year	<u>\$ 12,625,483</u>	<u>\$ 16,762,213</u>	<u>\$ 57,248</u>	<u>\$ 96,819</u>	<u>\$ 12,682,731</u>	<u>\$ 16,859,032</u>	-24.77%

In fiscal year 2015, property tax and unrestricted state grants account for approximately 67% of governmental activities revenue while charges for service and operating grants account for almost 100% of business type activities revenue. The District's total revenues were \$10,059,394 of which \$9,679,360 was for governmental activities and \$380,034 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3% decrease in revenues and a 6% increase in expenses. The decrease in revenues was related mostly to a decrease in property taxes due to no budget guarantee and no cash reserve levy in FY15 (offset some by an increase in tuition received and a higher management levy). The increase in expenses is due mostly to negotiated increases in salaries and benefits, an increase in administrative staffing, and an early retirement payment out of Management Fund to seven retiring teachers of \$30,000 each.

Governmental Activities

Revenues for governmental activities were \$9,679,360 and expenses were \$9,763,722 for the year ended June 30, 2015. The District continues to monitor expenses and available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-2015	2015	2014 (Not restated)	Change 2014-2015
Instruction	\$ 6,206,755	\$ 5,735,835	8.2%	\$ 4,137,965	\$ 3,893,145	6.3%
Support services	2,706,532	2,696,640	0.4%	2,680,414	2,694,880	-0.5%
Non-instructional programs	11,426	10,757	6.2%	11,426	10,757	6.2%
Other expenses	<u>839,009</u>	<u>752,457</u>	11.5%	<u>518,481</u>	<u>432,433</u>	19.9%
Total expenses	<u>\$ 9,763,722</u>	<u>\$ 9,195,689</u>	6.2%	<u>\$ 7,348,286</u>	<u>\$ 7,031,215</u>	4.5%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,430,681.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$984,755.
- The net cost of governmental activities was financed with \$4,099,720 in property and other taxes and \$3,087,850 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$380,034 representing a 9% increase over the prior year, while expenses totaled \$357,895, a 2% increase over the prior year. The District's business type activities include the School Nutrition Fund, Preschool Fund and Student Farm Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The Nutrition Fund had an increase in net position of \$28,245 for fiscal year 2015, and compares to the decrease of \$4,190 the previous year. At June 30, 2015 the Nutrition Fund had an overall positive net position of \$39,563. It should be noted that due to the adoption of GASB 68 during the year ended June 30, 2015, the net position of the Nutrition

Fund at the beginning of the year had been restated from \$73,028 to \$11,318. The Board voted in May 2015 to slightly increase preschool-5th grade lunch prices for the 2015-16 school year in order to continue to generate adequate yearly revenue to cover yearly costs. The Board will continue to monitor the Nutrition Fund's yearly revenue and expenses and make adjustments, if needed.

Also during fiscal 2015, the District continued its preschool program. The Preschool Fund showed an increase in net position of \$1,223 for fiscal year 2015 and at June 30, 2015, the Preschool program had a positive net position of \$25,104. The Board will continue to closely monitor this program and make any adjustments, if needed.

The Ray Creelman Trust was to be terminated on July 1, 2015, with the Mediapolis Community School District (FFA and AG Program) to receive farmland and cash at the termination. Plans were made by the District to form a School Farm Fund to account for the continued farming of the land after it was received; however, because there were fertilizer and other chemical costs in the spring of 2015 associated with the farmland that the Creelman Trust did not pay, the School Farm Fund was formed in FY2015 and a payable to General Fund of \$7,329 for these costs was on the School Farm Fund books at 6/30/2015. This resulted in a negative net position of \$7,329 at 6/30/2015, as well. This program will be monitored closely by the Board.

INDIVIDUAL FUND ANALYSIS

As previously noted, Mediapolis Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,915,173, below last year's ending fund balances of \$5,169,546. The decrease was primarily due to a decrease in property tax revenues due to no budget guarantee and no cash reserve levy in FY15 (offset some by a higher management levy and an increase in tuition received), as well as an increase in expenses due mostly to an increase in administrative staffing and an early retirement payment to seven retiring teachers. It should be noted that facilities' acquisition was less than the receipt of the remaining proceeds from the issuance of the sales revenue bonds in FY15, lessening the overall decrease of the District's combined fund balances.

Governmental Fund Highlights

- The General Fund balance decreased from \$2,229,002 at June 30, 2014 to \$1,594,491 at June 30, 2015. This overall decrease was related mostly to a decrease in property tax revenues due to no budget guarantee and no cash reserve levy (offset some by an increase in tuition received) as well as an increase in expenses due mostly to negotiated increase in salaries and benefits (not adequately covered by supplemental state aid, due to a decline in enrollment) and an increase in administrative staffing.
- The Capital Projects - Statewide Sales, Services and Use Tax Fund balance increased from \$1,720,623 in fiscal 2014 to \$2,281,525 in fiscal 2015 due to local option sales, service & use tax receipts and bond proceeds receipts exceeding expenditures for site improvement projects.

Proprietary Fund Highlights

Propriety Fund net position increased from \$35,109 at June 30, 2014 to \$57,248 at June 30, 2015, representing an increase of approximately 63%. As noted above, due to the adoption of GASB 68 (and its effect on the Nutrition Fund) during the year ended June 30, 2015, the net position of the Proprietary Fund at the beginning of the year had been restated from \$96,819 to \$35,109.

BUDGETARY HIGHLIGHTS

During the 2015 year, Mediapolis Community School District amended its budget one time by \$615,216 to increase budgeted expenditures for possible unexpected maintenance costs paid out of General Fund and to account for payments for work completed later than scheduled on the Athletic Facilities Improvements Project.

The District's total revenues were \$317,599 more than budgeted revenues, a variance of 4%. This was due in part to a conservative approach to budgeting estimated revenues for fiscal year 2015.

Total expenditures were \$1,586,862 less than budgeted. It is the District's practice to conservatively budget expenditures at an amount less than the maximum authorized spending authority for the General Fund, while allowing for unforeseen costs. The District then manages or controls General Fund spending through its line-item budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$13,665,915 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of approximately 17% over last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$596,669.

The original cost of the District's capital assets was \$22,015,869. Governmental funds account for \$21,855,745, with the remainder of \$160,124 accounted for in the Proprietary, School Nutrition Fund.

The biggest percentage change in capital asset activity during the year occurred in the construction in progress category, which increased from \$1,061,363 in 2014 to \$3,057,408 in 2015 due mainly to continued work on the Athletics Facilities Improvements Project.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014- 2015
Land	\$ 206,528	\$ 205,098	\$ -	\$ -	\$ 206,528	\$ 205,098	0.70%

Construction in progress	3,057,408	1,061,363	-	-	3,057,408	1,061,363	188.06%
Buildings and improvements	9,528,692	9,463,953	-	-	9,528,692	9,463,953	0.68%
Improvements, other than buildings	301,558	326,535	-	-	301,558	326,535	-7.65%
Furniture and equipment	<u>542,411</u>	<u>561,211</u>	<u>29,318</u>	<u>15,529</u>	<u>571,729</u>	<u>576,740</u>	-0.87%
Totals	<u>\$13,636,597</u>	<u>\$11,618,160</u>	<u>\$29,318</u>	<u>\$15,529</u>	<u>\$13,665,915</u>	<u>\$11,633,689</u>	17.47%

Long-Term Debt

At June 30, 2015, the District had \$5,781,436 in general obligation and other long-term debt outstanding. This represents an increase of approximately 18% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$13.6 million.

In April 2014, the District entered into an agreement to sell revenue bonds for construction of the Athletics Facilities Improvements Project. \$3,040,000 of statewide sales, services and use tax revenue bonds were authorized and had been drawn down at 6/30/2015.

Figure A-7
Outstanding Long-term Obligations

	Total District June 30, 2015	Total Change June 30, 2014 (restated)	2014-2015
Governmental activities			
Revenue bonds	\$2,445,000	\$ 242,102	100.00%
Compensated absences	21,609	11,989	80.24%
Termination benefits	-	1,000	-100.00%
Net pension liability	3,194,846	4,523,099	-29.37%
Net OPEB liability	<u>71,329</u>	<u>51,853</u>	37.56%
	5,732,784	4,830,043	18.69%
Business type activities			
Net pension liability	<u>48,652</u>	<u>68,879</u>	-29.37%
Total	<u>\$5,781,436</u>	<u>\$4,898,922</u>	18.01%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which could significantly affect its financial health in the future:

- The District continues to experience an overall long-term declining enrollment trend.
- The District plans to purchase one bus in 2015-16, as the bus replacement program continues.
- Work will continue on the Athletic Facilities Improvements Project. This is a financially sizable project that mainly impacts the Capital Projects Fund. Obligation of sales tax revenue to the 5 year Revenue Bonds purchased in April 2014 to fund Phase I of this project reduces the ability to spend these monies on other projects in the district over the next several years.
- The District continues to work through the reporting requirements and any financial implications of the Affordable Care Act.
- Inadequate and delayed yearly supplemental state aid amounts from the State of Iowa continue to offer budgetary challenges for the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dawn Kelly, District Secretary/Treasurer, Mediapolis Community School District, 725 N. Northfield Street, Mediapolis, Iowa 52637.

Basic Financial Statements

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 5,518,915	\$ 90,151	\$ 5,609,066
Receivables			
Property tax			
Delinquent	45,757	-	45,757
Succeeding year	3,076,683	-	3,076,683
Accounts receivable	143,428	-	143,428
Income surtaxes	384,226	-	384,226
Due from other governments	171,594	-	171,594
Due from other fund	7,329	-	7,329
Inventories	-	15,682	15,682
Non-depreciable capital assets	3,263,936	-	3,263,936
Capital assets, net of accumulated depreciation	10,372,661	29,318	10,401,979
Total assets	22,984,529	135,151	23,119,680
Deferred Outflows of Resources			
Pension related deferred outflows	640,026	13,205	653,231
Liabilities			
Accounts payable	259,457	112	259,569
Salaries and benefits payable	712,393	7,562	719,955
Due to other fund	-	7,329	7,329
Unearned revenue	-	8,234	8,234
Long-term liabilities			
Portion due after one year			
Revenue bonds payable	2,445,000	-	2,445,000
Compensated absences	21,609	-	21,609
Net pension liability	3,194,846	48,652	3,243,498
Net OPEB liability	71,329	-	71,329
Total liabilities	6,704,634	71,889	6,776,523
Deferred Inflows of Resources			
Unavailable property tax revenue	3,076,683	-	3,076,683
Pension related deferred inflows	1,217,755	19,219	1,236,974
Total deferred inflows of resources	4,294,438	19,219	4,313,657
Net Position			
Net investment in capital assets	11,191,597	29,318	11,220,915
Restricted for			
Categorical funding	308,641	-	308,641
Management levy purposes	350,778	-	350,778
Physical plant and equipment	673,324	-	673,324
Debt service	1,765	-	1,765
Student activities	177,958	-	177,958
School infrastructure	2,281,525	-	2,281,525
Unrestricted	(2,360,105)	27,930	(2,332,175)
Total net position	\$ 12,625,483	\$ 57,248	\$12,682,731

See notes to financial statements.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2015

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>		<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
			<u>for Services</u>	<u>Interest</u>			
Governmental activities							
Instruction							
Regular instruction	\$ 4,030,148	\$ 1,203,367	\$ 612,590	\$ -	\$ (2,214,191)	\$ -	\$ (2,214,191)
Special instruction	908,451	201,469	33,118	-	(673,864)	-	(673,864)
Other instruction	1,268,156	4,875	13,371	-	(1,249,910)	-	(1,249,910)
	<u>6,206,755</u>	<u>1,409,711</u>	<u>659,079</u>	<u>-</u>	<u>(4,137,965)</u>	<u>-</u>	<u>(4,137,965)</u>
Support services							
Student	219,537	20,970	-	-	(198,567)	-	(198,567)
Instructional staff	360,714	-	3,820	-	(356,894)	-	(356,894)
Administration	797,553	-	-	-	(797,553)	-	(797,553)
Operation and maintenance of plant	665,722	-	-	-	(665,722)	-	(665,722)
Transportation	663,006	-	1,328	-	(661,678)	-	(661,678)
	<u>2,706,532</u>	<u>20,970</u>	<u>5,148</u>	<u>-</u>	<u>(2,680,414)</u>	<u>-</u>	<u>(2,680,414)</u>
	<u>11,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,426)</u>	<u>-</u>	<u>(11,426)</u>
Non-instructional programs							
Other expenses							
Facilities acquisition	115,007	-	-	-	(115,007)	-	(115,007)
Long-term debt interest and charges	25,815	-	-	-	(25,815)	-	(25,815)
AEA flowthrough	320,528	-	320,528	-	-	-	-
Depreciation (unallocated) *	377,659	-	-	-	(377,659)	-	(377,659)
	<u>839,009</u>	<u>-</u>	<u>320,528</u>	<u>-</u>	<u>(518,481)</u>	<u>-</u>	<u>(518,481)</u>
	<u>9,763,722</u>	<u>1,430,681</u>	<u>984,755</u>	<u>-</u>	<u>(7,348,286)</u>	<u>-</u>	<u>(7,348,286)</u>
Total governmental activities							

See notes to financial statements.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2015

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Activities	Total
<u>Functions/Programs (continued)</u>							
Business type activities							
Non-instructional programs							
Food service operations	\$ 319,989	\$ 177,104	\$ 152,407	\$ -	\$ -	\$ 9,522	\$ 9,522
Student farm	7,329	-	-	-	-	(7,329)	(7,329)
Preschool program	30,577	31,800	-	-	-	1,223	1,223
Total business type activities	357,895	208,904	152,407	-	-	3,416	3,416
Total	\$ 10,121,617	\$ 1,639,585	\$ 1,137,162	\$ -	(7,348,286)	3,416	(7,344,870)
<u>General Revenues</u>							
Property tax levied for							
General purposes					3,109,139	-	3,109,139
Capital outlay					289,508	-	289,508
Statewide sales, services and use tax					701,073	-	701,073
Unrestricted state grants					3,087,850	-	3,087,850
Contributions and donations					49,512	-	49,512
Unrestricted investment earnings					25,721	41	25,762
Other					1,121	-	1,121
Special item - capital contribution					-	18,682	18,682
Total general revenues and special item					7,263,924	18,723	7,282,647
Change in net position					(84,362)	22,139	(62,223)
Net position beginning of year, as restated					12,709,845	35,109	12,744,954
Net position end of year					\$ 12,625,483	\$ 57,248	\$ 12,682,731

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

Exhibit C

	General	Capital Projects Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total
Assets				
Cash, cash equivalents and pooled investments	\$2,185,843	\$2,272,254	\$1,060,818	\$ 5,518,915
Receivables				
Property tax				
Delinquent	40,304	-	5,453	45,757
Succeeding year	2,649,955	-	426,728	3,076,683
Accounts receivable	142,043	-	1,385	143,428
Income surtax	219,558	-	164,668	384,226
Due from other governments	63,186	108,408	-	171,594
Due from other fund	8,059	-	-	8,059
Total assets	<u>\$5,308,948</u>	<u>\$2,380,662</u>	<u>\$1,659,052</u>	<u>\$ 9,348,662</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 133,558	\$ 99,137	\$ 26,762	\$ 259,457
Salaries and benefits payable	711,386	-	1,007	712,393
Due to other fund	-	-	730	730
Total liabilities	<u>844,944</u>	<u>99,137</u>	<u>28,499</u>	<u>972,580</u>
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax	2,649,955	-	426,728	3,076,683
Income surtax	219,558	-	164,668	384,226
Total deferred inflows of resources	<u>2,869,513</u>	<u>-</u>	<u>591,396</u>	<u>3,460,909</u>
Fund balances				
Restricted for				
Categorical funding	308,641	-	-	308,641
School infrastructure	-	2,281,525	-	2,281,525
Student activities	-	-	177,958	177,958
Management levy purposes	-	-	350,778	350,778
Physical plant and equipment	-	-	508,656	508,656
Debt services	-	-	1,765	1,765
Unassigned	1,285,850	-	-	1,285,850
Total fund balances	<u>1,594,491</u>	<u>2,281,525</u>	<u>1,039,157</u>	<u>4,915,173</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$5,308,948</u>	<u>\$2,380,662</u>	<u>\$1,659,052</u>	<u>\$ 9,348,662</u>

See notes to financial statements.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2015

Exhibit D

Total fund balances of governmental funds	\$ 4,915,173
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**Amounts reported for governmental activities in the Statement of Net Position
are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	13,636,597
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Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	384,226
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Pension related deferred outflows of resources and deferred inflows of resources are
not due and payable in the current year and, therefore, are not reported in the
governmental funds, as follows:

Deferred outflows of resources	\$ 640,026	
Deferred inflows of resources	<u>(1,217,755)</u>	(577,729)

Long-term liabilities, including bonds payable, compensated absences, early retirement benefits and other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(5,732,784)</u>
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Net position of governmental activities	<u>\$12,625,483</u>
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MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Exhibit E

		Capital Projects		
		Statewide	Nonmajor	
		Sales, Services	Governmental	
Revenues	<u>General</u>	<u>and Use Tax</u>	<u>Funds</u>	<u>Total</u>
Local sources				
Local tax	\$2,744,429	\$ -	\$ 535,303	\$ 3,279,732
Tuition	974,005	-	-	974,005
Other	161,208	32,543	338,160	531,911
State sources	3,943,875	701,073	2,215	4,647,163
Federal sources	142,854	-	-	142,854
Total revenues	<u>7,966,371</u>	<u>733,616</u>	<u>875,678</u>	<u>9,575,665</u>
Expenditures				
Current				
Instruction				
Regular	3,928,617	-	228,230	4,156,847
Special	928,427	-	-	928,427
Other	939,635	-	363,177	1,302,812
	<u>5,796,679</u>	<u>-</u>	<u>591,407</u>	<u>6,388,086</u>
Support services				
Student	226,476	-	608	227,084
Instructional staff	371,257	-	608	371,865
Administration	794,539	-	10,444	804,983
Operation and maintenance of plant	597,680	-	44,896	642,576
Transportation	494,844	-	208,485	703,329
	<u>2,484,796</u>	<u>-</u>	<u>265,041</u>	<u>2,749,837</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>30,835</u>	<u>30,835</u>
Other expenditures				
Facilities acquisition	-	2,371,214	147,541	2,518,755
Long-term debt				
Principal	-	-	595,000	595,000
Interest and fiscal charges	-	-	26,016	26,016
AEA flowthrough	320,528	-	-	320,528
	<u>320,528</u>	<u>2,371,214</u>	<u>768,557</u>	<u>3,460,299</u>
Total expenditures	<u>8,602,003</u>	<u>2,371,214</u>	<u>1,655,840</u>	<u>12,629,057</u>
(Deficiency) of revenues (under) expenditures	(635,632)	(1,637,598)	(780,162)	(3,053,392)
Other financing sources (uses)				
Sale of equipment and materials	1,121	-	-	1,121
Proceeds from issuance of bonds	-	2,797,898	-	2,797,898
Transfers in	-	-	599,398	599,398
Transfers (out)	-	(599,398)	-	(599,398)
Total other financing sources	<u>1,121</u>	<u>2,198,500</u>	<u>599,398</u>	<u>2,799,019</u>
Change in fund balances	(634,511)	560,902	(180,764)	(254,373)
Fund balance, beginning of year	2,229,002	1,720,623	1,219,921	5,169,546
Fund balance, end of year	<u>\$1,594,491</u>	<u>\$ 2,281,525</u>	<u>\$ 1,039,157</u>	<u>\$ 4,915,173</u>

See notes to financial statements.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Exhibit F

Change in fund balances - total governmental funds \$ (254,373)
Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense for the current year, are as follows:

Expenditures for capital assets	\$2,611,089	
Gain on disposal of capital assets	(219)	
Depreciation expense	<u>(592,433)</u>	2,018,437

Certain revenues not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. 102,574

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances and repayments are as follows:

Issued	(2,797,898)	
Repaid	<u>595,000</u>	(2,202,898)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	1,000	
Compensated absences	(9,620)	
Pension expense	(228,909)	
Other postemployment benefits	<u>(19,476)</u>	(257,005)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 201

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 508,702

Change in net position of governmental activities \$ (84,362)

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2015

Exhibit G

	Nonmajor Enterprise <u>Funds</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 90,151
Inventories	<u>15,682</u>
Total current assets	105,833
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>29,318</u>
Total assets	<u>135,151</u>
 Deferred Outflows of Resources	
Pension related deferred outflows	<u>13,205</u>
 Liabilities	
Current liabilities	
Accounts payable	112
Salaries and benefits payable	7,562
Due to other fund	7,329
Unearned revenue	<u>8,234</u>
Total current liabilities	<u>23,237</u>
Noncurrent liabilities	
Net pension liability	<u>48,652</u>
Total liabilities	<u>71,889</u>
 Deferred Inflows of Resources	
Pension related deferred inflows	<u>19,219</u>
 Net Position	
Investment in capital assets	29,318
Unrestricted	<u>27,930</u>
Total net position	<u>\$ 57,248</u>

See notes to financial statements.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit H

	Nonmajor Enterprise <u>Funds</u>
Operating revenue	
Local sources	
Charges for service	<u>\$208,904</u>
Operating expenses	
Instruction	
Regular - preschool	37,906
Support services	
Administration	21,841
Operation and maintenance of plant	3,682
Non-instructional programs	
Food service operations	<u>294,466</u>
Total operating expenses	<u>357,895</u>
Operating loss	<u>(148,991)</u>
Non-operating revenue	
Interest income	41
State sources	2,999
Federal sources	<u>149,408</u>
Total non-operating revenue	<u>152,448</u>
Net loss before capital contributions	3,457
Capital contributions	<u>18,682</u>
Change in net position	22,139
Net position beginning of year, as restated	<u>35,109</u>
Net position end of year	<u><u>\$ 57,248</u></u>

See notes to financial statements.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT

Exhibit I

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	Nonmajor Enterprise Funds
Cash flows from operating activities	
Cash received from sale of services	\$ 209,580
Cash payments to employees for services	(191,411)
Cash payments to suppliers for goods and services	(148,407)
Net cash used in operating activities	<u>(130,238)</u>
Cash flows from non-capital financing activities	
State grants received	2,999
Federal grants received	128,414
Net cash provided by non-capital financing activities	<u>131,413</u>
Cash flows from capital and related financing activities	
Capital contributions	18,682
Acquisition of capital assets	(18,682)
Net cash provided by capital and related financing activities	<u>-</u>
Cash flows from investing activities	
Interest on investments	<u>41</u>
Net increase in cash and cash equivalents	1,216
Cash and cash equivalents, beginning of year	88,935
Cash and cash equivalents, end of year	<u>\$ 90,151</u>

Reconciliation of operating (loss) to net cash

(used in) operating activities

Operating (loss)	\$(148,991)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities	
Depreciation	4,236
Commodities used	21,070
Decrease in inventory	2,843
(Increase) in deferred outflows of resources	(6,036)
Increase in deferred inflows of resources	19,219
(Decrease) in net pension liability	(20,227)
(Decrease) in accounts payable	(2,579)
(Decrease) in due to other funds	(1,970)
Increase in unearned revenues	676
Increase in accrued salaries and benefits	1,521
Net cash (used in) operating activities	<u>\$(130,238)</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2015 the District received \$21,070 of federal commodities.

See notes to financial statements.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies

The Mediapolis Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve, as well as a preschool program. The geographic area served includes the City of Mediapolis, Iowa, and the agricultural territory in Des Moines and Louisa Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Mediapolis Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Mediapolis Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvements of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects - Statewide Sales, Services and Use Tax Fund is used to account for the collection of the 1% statewide sales, services and use tax to be expended for school infrastructure purposes.

The District reports no major proprietary funds. However, the District reports three nonmajor proprietary funds. The Enterprise, School Nutrition Fund is used to account for the food service operations of the District, the Enterprise, Preschool Fund is used to account for the operation of the district-run preschool and the Enterprise, Student Farm Fund is used to account for the operations of the student-operated farm.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the

timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings and improvements	50 years
Improvements other than buildings	20 years
Intangibles	5-10 years
Furniture and equipment	5-12 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of succeeding year property tax and income surtaxes not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Early Retirement Benefits - Certified District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The termination benefit liability has been computed based on rates of pay in effect at June 30, 2015. The termination benefit liability attributable to the governmental activities will be paid primarily from the Management Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Balances - In the governmental fund financial statements, fund balance are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$350,778 for management levy purposes, \$673,324 for physical plant and equipment, \$177,958 for student activities and \$2,281,525 for school infrastructure.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$9,131 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust were rated AAAm by Standard & Poor's Financial Services.

Note 3. Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Non-major special revenue	
General	Student Activity	\$ 730
General	Non-major enterprise	
	Student Farm	<u>7,329</u>
		<u>\$ 8,059</u>

These interfund receivables/payables between the Student Activity Fund and General Fund were a result of miscoded expenditures. The payable from the Student Farm Fund to the General Fund are a result of the fund having a negative cash balance at year-end. Since the two funds share a banking account, the negative cash balance is reported as interfund receivable/payable in the financial statements. All interfund receivables/payables are expected to be repaid during the year ending June 30, 2016.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Nonmajor governmental	Major governmental	
Debt Service	Local Sales, Service and Use Tax	\$ 599,398

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund were to move resources from debt issuance to pay principal and interest on debt.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 205,098	\$ 1,430	\$ -	\$ 206,528
Construction in progress	<u>1,061,363</u>	<u>1,996,045</u>	<u>-</u>	<u>3,057,408</u>
Total capital assets, not being depreciated	<u>1,266,461</u>	<u>1,997,475</u>	<u>-</u>	<u>3,263,936</u>
Capital assets being depreciated:				
Buildings and improvements	14,954,106	385,275	-	15,339,381
Improvements other than buildings	984,656	7,200	-	991,856
Furniture and equipment	<u>2,202,322</u>	<u>221,139</u>	<u>(162,889)</u>	<u>2,260,572</u>
Total capital assets being depreciated	<u>18,141,084</u>	<u>613,614</u>	<u>(162,889)</u>	<u>18,591,809</u>

Less accumulated depreciation for:

Buildings and improvements	5,490,153	320,536	-	5,810,689
Improvements other than buildings	658,121	32,177	-	690,298
Furniture and equipment	<u>1,641,111</u>	<u>239,720</u>	<u>(162,670)</u>	<u>1,718,161</u>
Total accumulated depreciation	<u>7,789,385</u>	<u>592,433</u>	<u>(162,670)</u>	<u>8,219,148</u>
Total capital assets being depreciated, net	<u>10,351,699</u>	<u>21,181</u>	<u>(219)</u>	<u>10,372,661</u>
Governmental activities capital assets, net	<u>\$ 11,618,160</u>	<u>\$ 2,018,656</u>	<u>\$ (219)</u>	<u>\$ 13,636,597</u>
Business type activities				
Furniture and equipment	\$ 158,837	\$ 18,682	\$ (17,395)	160,124
Less accumulated depreciation	<u>143,308</u>	<u>4,236</u>	<u>(16,738)</u>	<u>130,806</u>
Business type activities capital assets, net	<u>\$ 15,529</u>	<u>\$ 14,446</u>	<u>\$ (657)</u>	<u>\$ 29,318</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 7,089
Special education	9,682
Other	26,014
Support services	
Administration	6,811
Operation and maintenance of plant	22,885
Transportation	<u>142,293</u>
	214,774
Unallocated depreciation	<u>377,659</u>
Total governmental activities depreciation expense	<u>\$ 592,433</u>

Business type activities

Food services	<u>\$ 4,236</u>
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Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
Revenue bonds	\$ 242,102	\$ 2,797,898	\$ (595,000)	\$ 2,445,000	\$ -
Compensated absences	11,989	29,718	(20,098)	21,609	-
Termination benefits	1,000	210,000	(211,000)	-	-
Net pension liability	4,523,099	-	(1,328,253)	3,194,846	-
Net OPEB liability	<u>51,853</u>	<u>21,394</u>	<u>(1,918)</u>	<u>71,329</u>	<u>-</u>
Totals	<u>\$ 4,830,043</u>	<u>\$ 3,059,010</u>	<u>\$ (2,156,269)</u>	<u>\$ 5,732,784</u>	<u>\$ -</u>

Business type activities

Net pension liability \$ 68,879 \$ - \$ (20,227) \$ 48,652 \$ -

Interest cost incurred and charged to expense was \$25,815 for the year ended June 30, 2015.

Revenue Bonds

On April 15, 2014 the District entered into an agreement to sell \$3,040,000 of statewide sales, services and use tax revenue bonds for the construction of an athletic complex. The bond proceeds are drawn down as the District needs funds for the project. All proceeds were drawn down on or before November 1, 2014 at which time the bonds were sold. The District received a final repayment schedule once the final draw down was made. The bonds bear interest at 1% and will be repaid with annual principal payments on July 1st of each year beginning in 2015 and ending July 1, 2019. Semi-annual interest payments is also required. The principal and interest payment due on July 1, 2015 were paid by the District on June 30, 2015. Details of the revenue bonded indebtedness as of June 30, 2015 are as follows:

Year Ending June 30,	Interest Rates	Interest	Principal	Total
2016	1.00	\$ 12,225	\$ -	\$ 12,225
2017	1.00	21,450	600,000	621,450
2018	1.00	15,400	610,000	625,400
2019	1.00	9,275	615,000	624,275
2020	1.00	3,100	620,000	623,100
Totals		<u>\$ 61,450</u>	<u>\$ 2,445,000</u>	<u>\$ 2,506,450</u>

Note 7. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime

after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$519,231.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$3,243,498 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.080144 percent, which was an increase of 0.000958 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$232,496. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,251	\$ -
Changes of assumptions	143,143	-
Net difference between projected and actual earnings on pension plan investments	-	1,236,974
Changes in proportion and differences between District contributions and proportionate share of contributions	(44,394)	-
District contributions subsequent to the measurement date	<u>519,231</u>	<u>-</u>
Total	<u>\$ 653,231</u>	<u>\$ 1,236,974</u>

\$519,231 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2016	\$ (277,936)
2017	(277,936)
2018	(277,936)
2019	(277,936)
2020	8,770
Total	<u>\$ (1,102,974)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2014)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's

proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Discount</u> <u>Rate (7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
District's Proportionate Share of the net pension liability	\$6,128,496	\$3,243,498	\$ 808,258

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPER's website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$54,773 for legally required employer contributions and \$36,495 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees, and their spouses. There are 36 active and 0 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 23,063
Interest on net OPEB obligation	1,296
Adjustment to annual required contribution	<u>(2,965)</u>
Annual OPEB cost	21,394
Contributions made	<u>(1,918)</u>
Increase in net OPEB obligation	19,476
Net OPEB obligation beginning of year	<u>51,853</u>
Net OPEB obligation end of year	<u>\$ 71,329</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$1,918 to the medical plan. Plan members eligible for benefits contributed nothing of the premium costs for the OPEB obligation.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

<u>Year Ended June 30.</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 2,845	85.9%	\$ 33,143
2014	\$ 21,761	14.0%	\$ 51,853
2015	\$ 21,394	9.0%	\$ 71,329

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$137,069, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$137,069. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5.1 million and the ratio of UAAL to covered payroll was 2.7%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The ultimate medical trend rate is 6%. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$320,528 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not

been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 12. Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program

Property tax and state aid financed home school assistance program	\$ 50,856
Property tax and state aid financed weighted at-risk program	84,518
Teacher comp, teacher salary supplement	27,293
Educator quality, Iowa core curriculum	49,087
Early reader program	29,551
Educator quality, professional development	62,706
Educator quality, market factor incentives	1,058
Teacher leadership	<u>3,572</u>
	<u>\$ 308,641</u>

Note 13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	\$ 16,762,213	\$ 96,819
Net pension liability at June 30, 2014	(4,523,099)	(68,879)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>470,731</u>	<u>7,169</u>
Net position July 1, 2014, as restated	<u>\$ 12,709,845</u>	<u>\$ 35,109</u>

Note 14. Deficit Balances

The District had a deficit unrestricted net position of \$2,360,105 in the governmental activities at June 30, 2015.

Required Supplementary Information

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
All Governmental Funds and Proprietary Funds
Required Supplementary Information
For the Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues						
Local sources	\$ 4,785,648	\$ 208,945	\$ 4,994,593	\$ 5,277,282	\$ 5,277,282	\$ (282,689)
State sources	4,647,163	2,999	4,650,162	4,011,349	4,011,349	638,813
Federal sources	142,854	149,408	292,262	330,787	330,787	(38,525)
Total revenues	<u>9,575,665</u>	<u>361,352</u>	<u>9,937,017</u>	<u>9,619,418</u>	<u>9,619,418</u>	<u>317,599</u>
Expenditures/Expenses						
Instruction	6,388,086	37,906	6,425,992	7,074,024	7,074,024	648,032
Support services	2,749,837	25,523	2,775,360	2,911,968	3,061,968	286,608
Non-instructional programs	30,835	294,466	325,301	390,000	390,000	64,699
Other expenditures	3,460,299	-	3,460,299	3,582,606	4,047,822	587,523
Total expenditures/expenses	<u>12,629,057</u>	<u>357,895</u>	<u>12,986,952</u>	<u>13,958,598</u>	<u>14,573,814</u>	<u>1,586,862</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(3,053,392)	3,457	(3,049,935)	(4,339,180)	(4,954,396)	1,904,461
Net other financing sources	<u>2,799,019</u>	<u>18,682</u>	<u>2,817,701</u>	-	-	<u>2,817,701</u>
Net change in fund balance	(254,373)	22,139	(232,234)	(4,339,180)	(4,954,396)	4,722,162
Balance, beginning of year, as restated	<u>5,169,546</u>	<u>35,109</u>	<u>5,204,655</u>	<u>4,524,290</u>	<u>4,524,290</u>	<u>680,365</u>
Balance, end of year	<u>\$ 4,915,173</u>	<u>\$ 57,248</u>	<u>\$ 4,972,421</u>	<u>\$ 185,110</u>	<u>\$ (430,106)</u>	<u>\$ 5,402,527</u>

See accompanying Independent Auditor's Report.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District amended its published budget one time during the year ended June 30, 2015, increasing budgeted expenditures by \$615,216.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year*
Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.080144 %
District's proportionate share of the net pension liability	\$ 3,243,498
District's covered-employee payroll	\$ 5,814,457
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.78%
Plan fiduciary net position as a percertnage of the total pension liability	87.61%

*The amounts preseneted for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years
Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contributions	\$ 519,231	\$ 477,901	\$ 454,774	\$ 421,425	\$ 370,968	\$ 342,476	\$ 328,935	\$ 289,245	\$ 270,038	\$ 252,592
Contributions in relation to the statutorily required contribution	(519,231)	(477,901)	(454,774)	(421,425)	(370,968)	(342,476)	(328,935)	(289,245)	(270,038)	(252,592)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$5,814,457	\$5,351,635	\$5,245,375	\$5,222,119	\$5,337,669	\$5,150,015	\$5,180,079	\$4,780,909	\$4,696,313	\$4,392,904
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying Independent Auditor's Report.

Mediapolis Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates

Mediapolis Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation to the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$120,826	\$120,826	\$ -	\$4,483,521	2.7%
2011	July 1, 2009	-	120,826	120,826	-	4,609,329	2.6%
2012	July 1, 2009	-	120,826	120,826	-	4,393,703	2.7%
2013	July 1, 2012	-	145,546	145,546	-	4,397,568	3.3%
2014	July 1, 2012	-	137,069	137,069	-	4,562,433	3.0%
2015	July 1, 2013	-	137,069	137,069	-	5,103,079	2.7%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Schedule 1

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Physical Plant and Equipment Levy</u>	<u>Debt Service</u>	<u>Total</u>
Assets					
Cash, cash equivalents and pooled investments	\$202,970	\$346,800	\$509,283	\$1,765	\$1,060,818
Receivables					
Property tax					
Delinquent	-	3,978	1,475	-	5,453
Succeeding year	-	279,999	146,729	-	426,728
Accounts receivable	1,385	-	-	-	1,385
Income surtax	-	-	164,668	-	164,668
Total assets	<u>\$204,355</u>	<u>\$630,777</u>	<u>\$822,155</u>	<u>\$1,765</u>	<u>\$1,659,052</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 24,660	\$ -	\$ 2,102	\$ -	\$ 26,762
Salaries and benefits payable	1,007	-	-	-	1,007
Due to other funds	730	-	-	-	730
Total liabilities	<u>26,397</u>	<u>-</u>	<u>2,102</u>	<u>-</u>	<u>28,499</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	-	279,999	146,729	-	426,728
Income surtax	-	-	164,668	-	164,668
Total deferred inflows of resources	<u>-</u>	<u>279,999</u>	<u>311,397</u>	<u>-</u>	<u>591,396</u>
Fund balances					
Restricted for					
Student activities	177,958	-	-	-	177,958
Management levy purposes	-	350,778	-	-	350,778
Physical plant and equipment	-	-	508,656	-	508,656
Debt service	-	-	-	1,765	1,765
Total fund balances	<u>177,958</u>	<u>350,778</u>	<u>508,656</u>	<u>1,765</u>	<u>1,039,157</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$204,355</u>	<u>\$630,777</u>	<u>\$822,155</u>	<u>\$1,765</u>	<u>\$1,659,052</u>

See accompanying Independent Auditor's Report.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

Schedule 2

	<u>Special Revenue</u>		<u>Capital Projects</u>		
			<u>Physical Plant and Equipment</u>	<u>Debt Service</u>	<u>Total</u>
Revenues	<u>Student Activity</u>	<u>Management Levy</u>	<u>Levy</u>		
Local sources					
Local taxes	\$ -	\$ 290,354	\$ 244,949	\$ -	\$ 535,303
Other	334,611	991	1,102	1,456	338,160
State sources	-	1,616	599	-	2,215
Total revenues	<u>334,611</u>	<u>292,961</u>	<u>246,650</u>	<u>1,456</u>	<u>875,678</u>
Expenditures					
Current					
Instruction					
Regular	-	228,230	-	-	228,230
Other	<u>363,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,177</u>
Total instruction	<u>363,177</u>	<u>228,230</u>	<u>-</u>	<u>-</u>	<u>591,407</u>
Support services					
Student	-	608	-	-	608
Instructional staff	-	608	-	-	608
Administration	86	10,358	-	-	10,444
Operation and maintenance of plant	-	44,896	-	-	44,896
Transportation	<u>-</u>	<u>39,825</u>	<u>168,660</u>	<u>-</u>	<u>208,485</u>
Total support services	<u>86</u>	<u>96,295</u>	<u>168,660</u>	<u>-</u>	<u>265,041</u>
Non-instructional programs	<u>-</u>	<u>12,153</u>	<u>18,682</u>	<u>-</u>	<u>30,835</u>
Other expenditures					
Facilities acquisition	<u>-</u>	<u>-</u>	<u>147,541</u>	<u>-</u>	<u>147,541</u>
Long-term debt					
Principal	-	-	-	595,000	595,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,016</u>	<u>26,016</u>
Total other expenditures	<u>-</u>	<u>-</u>	<u>147,541</u>	<u>621,016</u>	<u>768,557</u>
Total expenditures	<u>363,263</u>	<u>336,678</u>	<u>334,883</u>	<u>621,016</u>	<u>1,655,840</u>
(Deficiency) of revenues (under) expenditures	(28,652)	(43,717)	(88,233)	(619,560)	(780,162)
Other financing sources					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,398</u>	<u>599,398</u>
Net change in fund balances	(28,652)	(43,717)	(88,233)	(20,162)	(180,764)
Fund balances, beginning of year	<u>206,610</u>	<u>394,495</u>	<u>596,889</u>	<u>21,927</u>	<u>1,219,921</u>
Fund balances, end of year	<u>\$ 177,958</u>	<u>\$ 350,778</u>	<u>\$ 508,656</u>	<u>\$ 1,765</u>	<u>\$1,039,157</u>

See accompanying Independent Auditor's Report.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015

Schedule 3

	<u>School Nutrition</u>	<u>Preschool</u>	<u>Student Farm</u>	<u>Total</u>
Assets				
Current assets				
Cash, cash equivalents and pooled investments	\$60,117	\$30,034	\$ -	\$ 90,151
Inventories	<u>15,682</u>	<u>-</u>	<u>-</u>	<u>15,682</u>
Total current assets	75,799	30,034		105,833
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>29,318</u>	<u>-</u>	<u>-</u>	<u>29,318</u>
Total assets	<u>105,117</u>	<u>30,034</u>	<u>-</u>	<u>135,151</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>13,205</u>	<u>-</u>	<u>-</u>	<u>13,205</u>
Liabilities				
Current liabilities				
Accounts payable	112	-	-	112
Salaries and benefits payable	2,542	5,020	-	7,562
Due to other fund	-	-	7,329	7,329
Unearned revenue	<u>8,234</u>	<u>-</u>	<u>-</u>	<u>8,234</u>
Total current liabilities	10,888	5,020	7,329	23,237
Noncurrent liabilities				
Net pension liability	<u>48,652</u>	<u>-</u>	<u>-</u>	<u>48,652</u>
Total liabilities	<u>59,540</u>	<u>5,020</u>	<u>7,329</u>	<u>71,889</u>
Deferred inflows of resources				
Pension related deferred inflows	<u>19,219</u>	<u>-</u>	<u>-</u>	<u>19,219</u>
Net Position				
Investment in capital assets	29,318	-	-	29,318
Unrestricted	<u>10,245</u>	<u>25,014</u>	<u>(7,329)</u>	<u>27,930</u>
Total net position	<u>\$39,563</u>	<u>\$25,014</u>	<u>\$(7,329)</u>	<u>\$ 57,248</u>

See accompanying Independent Auditor's Report.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

Schedule 4

	School <u>Nutrition</u>	<u>Preschool</u>	Student <u>Farm</u>	<u>Total</u>
Operating revenue				
Local sources				
Charges for service	\$ 177,104	\$ 31,800	\$ -	\$ 208,904
Operating expenses				
Instruction				
Regular				
Salaries	-	21,718	-	21,718
Benefits	-	8,772	-	8,772
Supplies	-	87	7,329	7,416
	<u>-</u>	<u>30,577</u>	<u>7,329</u>	<u>37,906</u>
Support services				
Administration				
Salaries	11,663	-	-	11,663
Benefits	10,178	-	-	10,178
	<u>21,841</u>	<u>-</u>	<u>-</u>	<u>21,841</u>
Operation and maintenance of plant				
Purchased services	<u>3,682</u>	<u>-</u>	<u>-</u>	<u>3,682</u>
Non-instructional programs				
Food service operations				
Salaries	100,297	-	-	100,297
Benefits	23,961	-	-	23,961
Purchased services	2,591	-	-	2,591
Supplies	162,725	-	-	162,725
Miscellaneous	656	-	-	656
Depreciation	4,236	-	-	4,236
	<u>294,466</u>	<u>-</u>	<u>-</u>	<u>294,466</u>
Total operating expenses	<u>319,989</u>	<u>30,577</u>	<u>7,329</u>	<u>357,895</u>
Operating income (loss)	<u>(142,885)</u>	<u>1,223</u>	<u>(7,329)</u>	<u>(148,991)</u>
Non-operating revenue				
Interest income	41	-	-	41
State sources	2,999	-	-	2,999
Federal sources	149,408	-	-	149,408
Total non-operating revenue	<u>152,448</u>	<u>-</u>	<u>-</u>	<u>152,448</u>
Net income (loss) before capital contributions	9,563	1,223	(7,329)	3,457
Capital contributions	<u>18,682</u>	<u>-</u>	<u>-</u>	<u>18,682</u>
Change in net position	28,245	1,223	(7,329)	22,139
Net position beginning of year, as restated	11,318	23,791	-	35,109
Net position end of year	<u>\$ 39,563</u>	<u>\$ 25,014</u>	<u>\$ (7,329)</u>	<u>\$ 57,248</u>

See accompanying Independent Auditor's Report.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

Schedule 5

	School Nutrition	Preschool	Student Farm	Total
Cash flows from operating activities				
Cash received from sale of services	\$ 177,780	\$ 31,800	\$ -	\$ 209,580
Cash payments to employees for services	(162,116)	(29,295)	-	(191,411)
Cash payments to suppliers for goods and services	(148,320)	(87)	-	(148,407)
Net cash provided by (used in) operating activities	(132,656)	2,418	-	(130,238)
Cash flows from non-capital financing activities				
State grants received	2,999	-	-	2,999
Federal grants received	128,414	-	-	128,414
Net cash provided by non-capital financing activities	131,413	-	-	131,413
Net cash provided by capital and related financing activities				
Capital contributions	18,682	-	-	18,682
Acquisition of capital assets	(18,682)	-	-	(18,682)
Cash flows from capital and related financing activities	-	-	-	-
Cash flows from investing activities				
Interest on investments	41	-	-	41
Net increase (decrease) in cash and cash equivalents	(1,202)	2,418	-	1,216
Cash and cash equivalents, beginning of year	61,319	27,616	-	88,935
Cash and cash equivalents, end of year	<u>\$ 60,117</u>	<u>\$ 30,034</u>	<u>\$ -</u>	<u>\$ 90,151</u>

**Reconciliation of operating income (loss) to net cash
provided by (used in) operating activities**

Operating income (loss)	\$ (142,885)	\$ 1,223	\$ (7,329)	\$ (148,991)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	4,236	-	-	4,236
Commodities used	21,070	-	-	21,070
Decrease in inventory	2,843	-	-	2,843
(Increase) in deferred outflows of resources	(6,036)	-	-	(6,036)
Increase in deferred inflows of resources	19,219	-	-	19,219
(Decrease) in net pension liability	(20,227)	-	-	(20,227)
(Decrease) in accounts payable	(2,579)	-	-	(2,579)
Increase (decrease) in due to other funds	(9,299)	-	7,329	(1,970)
Increase in unearned revenues	676	-	-	676
Increase in accrued salaries and benefits	326	1,195	-	1,521
Net cash provided by (used in) operating activities	<u>\$ (132,656)</u>	<u>\$ 2,418</u>	<u>\$ -</u>	<u>\$ (130,238)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2015 the District received \$21,070 of federal commodities.

See accompanying Independent Auditor's Report.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2015

Schedule 6

Account	Balance, Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance, End of Year
Athletics	\$ 62,286	\$ 132,427	\$ 151,956	\$ 5,628	\$ 48,385
Middle school athletics	34,647	15,768	9,669	(12,696)	28,050
Recycling	-	3,471	3,061	76	486
Beverage contract	9,277	-	-	-	9,277
Cheerleaders	-	-	2,897	2,897	-
HS football cheerleaders	1,596	1,090	1,850	-	836
HS basketball cheerleading	642	3,115	2,073	-	1,684
HS wrestling cheerleading	-	-	516	516	-
Concessions	-	50,560	50,560	-	-
FFA	20,384	67,464	74,553	-	13,295
FFA scholarship	1,700	-	250	-	1,450
FCCLA	1,421	3,680	3,734	-	1,367
Band	2,002	2,070	1,980	-	2,092
High school student council	3,891	1,044	3,432	-	1,503
SADD	475	-	-	-	475
Vocal music	1,653	992	1,705	-	940
National Honor Society	2,920	7,131	9,917	-	134
NHS scholarship/memorial	-	250	250	-	-
Science club	2,540	-	111	(76)	2,353
Spanish club	6	5,235	5,144	-	97
HS drama	6,487	1,781	2,315	-	5,953
Yearbook	3,231	8,780	4,862	-	7,149
Art club	1,912	1,420	1,002	-	2,330
SEEDS	673	-	-	-	673
Interest	-	86	86	-	-
Speech	-	100	1,752	1,652	-
Quiz Bowl	733	-	-	-	733
Mock trial	-	-	241	241	-
Mediapolis F.O.R. fund balance	942	-	-	-	942
Prom	4,970	3,210	2,496	-	5,684
Outdoor classroom	-	-	239	19,373	19,134
High school account	3,110	9,032	7,183	-	4,959

See accompanying Independent Auditor's Report.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2015

Schedule 6

Account (continued)	Balance, Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance, End of Year
Middle school band	\$ 270	\$ 50	\$ -	\$ -	\$ 320
Middle school student council	2,426	5,801	5,363	-	2,864
Middle school account	22,011	331	938	(19,373)	2,031
Middle school fundraiser	4,824	-	431	-	4,393
Middle school scholarship	1,285	-	-	-	1,285
Bulldog Bites Restaurant	110	-	-	-	110
Elementary	5,876	6,524	7,953	-	4,447
Robotics club	-	425	2,187	1,762	-
Elementary art	2,310	2,774	2,557	-	2,527
Totals	<u>\$ 206,610</u>	<u>\$ 334,611</u>	<u>\$ 363,263</u>	<u>\$ -</u>	<u>\$ 177,958</u>

See accompanying Independent Auditor's Report.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Modified Accrual Basis										
Revenues										
Local sources										
Local tax	\$ 3,279,732	\$3,942,502	\$4,190,570	\$4,151,426	\$3,920,554	\$ 3,716,148	\$ 4,254,772	\$ 3,825,239	\$ 4,151,862	\$ 4,022,781
Tuition	974,005	737,334	683,722	679,180	550,934	494,985	410,488	450,545	359,214	436,494
Other	531,911	463,388	469,538	440,860	409,131	357,288	356,316	556,153	743,492	642,149
State sources	4,647,163	4,664,276	4,338,405	3,977,339	4,026,260	3,751,832	4,443,746	4,340,322	4,051,480	3,666,552
Federal sources	142,854	151,681	163,253	185,756	466,808	719,155	145,884	157,961	195,416	175,681
Total revenues	\$ 9,575,665	\$9,959,181	\$9,845,488	\$9,434,561	\$9,373,687	\$ 9,039,409	\$ 9,611,206	\$ 9,330,220	\$ 9,501,464	\$ 8,943,657
Expenditures										
Current										
Instruction										
Regular	\$ 4,156,847	\$3,700,390	\$3,664,542	\$3,709,545	\$3,819,154	\$ 3,629,314	\$ 3,787,570	\$ 3,587,344	\$ 3,306,501	\$ 3,003,657
Special	928,427	930,844	933,484	1,185,801	1,147,382	999,875	1,072,013	997,712	911,008	915,070
Other	1,302,812	1,120,094	1,057,913	1,046,602	1,048,578	1,016,252	713,748	772,596	881,495	791,476
Support services										
Student	227,084	222,229	190,695	182,948	134,450	168,258	183,221	162,786	153,886	176,456
Instructional staff	371,865	415,798	317,640	256,900	306,659	323,464	340,803	270,028	265,487	298,285
Administration	804,983	695,580	689,274	737,048	636,014	726,618	734,026	704,316	712,645	649,963
Operation and maintenance of plant	642,576	653,533	604,168	576,566	576,387	567,637	572,117	597,762	587,349	504,097
Transportation	703,329	641,952	632,079	560,030	583,683	494,236	605,340	680,104	551,404	593,651
Central support services	-	-	-	-	-	1	-	-	-	-
Non-instructional programs	30,835	10,757	10,363	8,591	4,603	9,536	14,515	14,647	3,686	1,202
Other expenditures										
Facilities acquisition	2,518,755	1,183,729	539,834	613,021	439,962	914,174	406,226	273,494	534,265	586,718
Long-term debt										
Principal	595,000	-	-	-	-	-	400,000	445,000	540,000	845,000
Interest and other charges	26,016	37,936	-	-	-	-	7,148	44,096	66,113	100,133
AEA flowthrough	320,528	320,024	316,110	314,925	349,255	350,016	314,410	295,944	281,342	255,956
Total expenditures	\$ 12,629,057	\$9,932,866	\$8,956,102	\$9,191,977	\$9,046,127	\$ 9,199,381	\$ 9,151,137	\$ 8,845,829	\$ 8,795,181	\$ 8,721,664

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of
Mediapolis Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mediapolis Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 16, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Mediapolis Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mediapolis Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Mediapolis Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I

consider the deficiencies described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mediapolis Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Mediapolis Community School District's Responses to the Findings

Mediapolis Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Mediapolis Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Mediapolis Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 16, 2016

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCY

- A. Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts and disbursements, bank deposits and bank account reconciliations were all handled by the same person.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT

Schedule of Findings

For the Year Ended June 30, 2015

6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
7. Certified Enrollment - One variance in the basic enrollment data certified to the Iowa Department of Education was noted. The resident student count reported by the District was overstated by 1 student.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Response - We will contact the Iowa Department of Education and the Iowa Department of Management, as recommended.

Conclusion - Response accepted.

8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Iowa Department of Education.
11. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Beginning balance		\$ 1,720,623
Revenues		
Statewide sales and services tax revenue	\$ 701,073	
Contributions	22,133	
Interest	10,410	
Proceeds from issuance of bonds	<u>2,797,898</u>	3,531,514
Expenditures/transfers out		
School infrastructure		
School infrastructure construction	\$ (2,341,037)	
Equipment	(30,177)	
Debt service for school infrastructure		
Revenue debt	<u>(599,398)</u>	<u>(2,970,612)</u>
Ending balance		<u>\$ 2,281,525</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

13. Deficit Net Position - The District's governmental activities had a negative unrestricted net position of \$2,360,105 at June 30, 2015.

Recommendation - The District should continue to monitor these activities and investigate alternatives to eliminate this deficit in order to return the activities to a sound financial condition.

Response - This deficit was a result of adopting GASB Statement No. 68 during the year ended June 30, 2015. We will review the situation and implement changes, as needed.

Conclusion - Response accepted.

MEDIAPOLIS COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2015

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant